

TABLE OF CONTENTS

INTRODUCTION	1
SCOPE	1
EXECUTIVE SUMMARY	1
FINDINGS	
Personnel - Salaries and Fringe Benefits	2
Other Direct – Printing, Telephone and Supplies	2
Data Processing – Overbilled Charges	2
Bank Reconciliation	2
RECOMMENDATION	3
SCHEDULE A	4

INTRODUCTION

Macomb County Friend of the Court (FOC) had a contract with the Michigan Family Independence Agency (FIA) to enforce all orders of support over which Macomb County FOC had jurisdiction, to locate absent parents, and to provide certain reports on child support collections to the FIA. The Macomb County FOC billed FIA monthly under the actual cost reimbursement billing method. FIA reimbursed Macomb County FOC for their costs based on the Federal IV-D Program regulations.

SCOPE

We performed an audit of the costs submitted for reimbursement by the Macomb County FOC for the period October 1, 2001 through September 30, 2002. We performed the audit tests that we determined were necessary to determine if costs charged were proper, accurate, documented, and charged in accordance with the terms of the contract.

EXECUTIVE SUMMARY

We found that the Macomb County FOC underbilled FIA for Salaries, Fringe Benefits, Retiree Health and Printing costs. Macomb County FOC overbilled for Workers Compensation, Vision Insurance, Centrex charges, Office Supplies and Data Processing Costs. The State share of the net amount underbilled by Macomb County FOC was \$8,432. We also found that Macomb County FOC had outstanding checks that should have been escheated to the State.

Our report recommends the Office of Child Support inform the Macomb County FOC that they may submit revised billings to correct for the \$8,432 underbilling, and that they ensure that the Macomb County FOC properly escheats funds to the State.

FOC RESPONSE

The Macomb County FOC has reviewed all findings and recommendations included in this report. They indicated in a telephone conversation on December 16, 2003 that they are in agreement with the findings.

FINDINGS

Personnel-Salaries and Fringe Benefits

1. The Macomb County FOC underbilled FIA \$43,762 for Salaries and Fringe Benefits. The salaries were underbilled \$818. The Fringe Benefits were underbilled \$42,944. The salaries and fringe benefits were underbilled due to omission of the Sheriff's salaries and fringes, calculation errors, and incorrect journal entries. (See Schedule A.)

Other Direct Cost – Printing, Telephone and Supplies

2. The Macomb County FOC overbilled FIA a net amount of \$4,253 for Other Direct Costs. Printing charges were underbilled by \$688 and Centrex charges were overbilled \$4,738. Macomb County FOC billed for the costs based on their accruals, which differed from the actual amounts paid. In addition, office supplies were overbilled \$203 because they billed a fiscal year 2003 expense in fiscal year 2002. OMB Circular A-87 requires billings to be based on actual costs. (See Schedule A.)

Data Processing-Overbilled Charges

3. The Macomb County FOC overbilled FIA \$25,864 in 2002 for Data Processing Charges because they billed FIA when they established the accrual for these costs, and mistakenly billed FIA again when they determined the actual amount of these costs. (See Schedule A.)

Bank Reconciliation

4. The Macomb County FOC did not have a reconciled bank statement for the period of time prior to CSES or for the point in time of the CSES conversion. The bank balance prior to CSES was \$843,816.30 as of August 2003. The outstanding checks totaled \$811,030.33, and dated back to August of 1994. FOC Letter 99-025 requires the County to escheat outstanding checks more than one year old to the State of Michigan.

WE RECOMMEND the Office of Child Support inform the Macomb County FOC that they may submit revised billings to include the underbilled costs of \$8,432.

WE ALSO RECOMMEND that the Office of Child Support ensure that Macomb County FOC properly escheats all outstanding checks that are more than one year old to the State of Michigan.

SCHEDULE A
Macomb County Friend of the Court
Schedule of Audit Adjustments
October 1, 2001 through September 30, 2002

DRAFT

Finding #	Line Item	Audit Period	(Over)/Under Billed Gross Amount	IV-D %	(Over)/Under Billed IV-D Amount	State %	Due (State) County
1	Personnel-Salaries	10/1/01-9/30/02	\$ 818	93.63%	\$ 766		
1	Personnel-Fringe Benefits	10/1/01-9/30/02	\$ 47,576	93.63%	\$ 44,545		
1	Personnel-Vision	10/1/01-9/30/02	(\$4,631.82)	93.63%	\$ (4,337)		
1	Personnel-Workers Comp	10/1/01-9/30/02	\$ (4,144)	93.63%	\$ (3,880)		
1	Personnel-Retiree Health	10/1/01-9/30/02	\$ 4,144	93.63%	\$ 3,880		
2	Other Direct-Printing	10/1/01-9/30/02	\$ 688	93.63%	\$ 644		
2	Other Direct-Centrex	10/1/01-9/30/02	\$ (4,738)	93.63%	\$ (4,436)		
2	Other Direct-Supplies	10/1/01-9/30/02	\$ (203)	93.63%	\$ (190)		
3	Data Processing	10/1/01-9/30/02	\$ (25,864)	93.63%	\$ (24,217)		
Grand Total of the IV-D Audit Adjustments					\$ 12,776		
Calculation of the Payment Due the (State) County Audited IV-D Amount					\$ 12,776		
IV-D Amount Used for the Payments Actually Made							
					\$ 12,776	66.00%	\$ 8,432